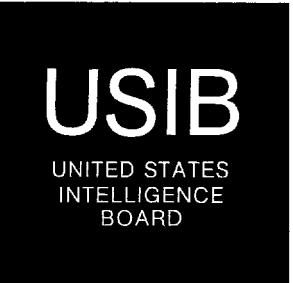


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LEBANON

Talks between Syrian President Asad and Lebanese leftist leader Kamal Jumblatt broke down late Saturday when Jumblatt refused to accept an immediate cease-fire in Lebanon.

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Syrian forces generally remain in a high state of alert, according to the US defense attache in Damascus. During his travels this weekend in and around the city and the northern part of the Golan Heights, however, he saw no indication of actual or impending military moves toward Lebanon by Syrian troops.

The attache believes, however, that the 1st Division, located ten miles south of Damascus, would most likely be the source of any units sent to Lebanon. He observed that the division's military police were in full combat gear, armored vehicles were uncovered and fully loaded, and ammunition trucks were heading toward the division.

The 3rd Armored Division, which the attache had earlier thought the most likely to be used for an operation into Lebanon, has apparently somewhat relaxed its alert posture. The 3rd Division is located about 20 miles north of Damascus.

The attache also reports that Syria's intelligence services have been unusually active during the past week. They have increased surveillance of his activities and have stepped up patrols of Damascus and the roads leading from it.

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Further intervention in Lebanon by Damascus is most likely to be on a large scale, at least a division of regular troops, mainly mechanized infantry and armor, supported by field artillery, conventional antiaircraft artillery, and antitank units. Air support on a small scale may also be provided.

The Syrian force would attempt to interpose itself between the warring factions—possibly by establishing a corridor in Lebanon along the Beirut-Damascus road. The Syrians probably would stay out of southern Lebanon in order to avoid provoking the Israelis.

If the Israelis decided to respond immediately, they would probably move into southern Lebanon with a force at least as large as Syria's. Their purpose would be to signal the Syrians to confine themselves to a peacekeeping role.

DIA analysts believe that an Israeli response could be limited to a call-up of selected reserves and the placing of Northern Command units on full alert.

The battle lines in Beirut remained unchanged over the weekend, but fighting in the mountains east of the capital was heavy. The Christians appear to be resisting, and claim to have cleared leftist forces from three Christian towns. Phalangists defending the town of Kahlalah are under heavy pressure from rebel Muslim army forces backed by Fatah elements. Both sides reportedly are using tanks and heavy artillery.

The other serious battleground is in the north, around Tripoli and Zagharta. Muslim fighters from the renegade Lebanese Arab Army have captured a position from which they can shell Christian Zagharta, whose defenders are led by President Franjiyah's son.

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Christian leaders probably hope that truce negotiations can still be salvaged, but they are under considerable pressure to seek help from the UN or the Arab League before their military position is seriously damaged.

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Egypt yesterday called for joint Arab mediation of the Lebanese crisis and the dispatch of "token joint Arab security forces" to maintain peace while the mediation effort proceeds. Cairo has asked the Arab League to contact all Arab states urgently.

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None of the other major Arab states has previously shown a willingness to become involved in military or political intervention against Syria's wishes, and there is no reason to assume that they will be any more willing now. It is questionable in fact whether Cairo itself expects anything to result from its call for Arab intervention.

Cairo's call for intervention appears to be an almost desperate effort to preempt Syria. According to the US embassy, Egyptian officials have begun talking about the need to maintain a balance between Christian and Muslim forces in Lebanon, and they may hope that an Arab League peacekeeping force would prevent Syria from weighting the scales on either side.

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ARGENTINA

General Jorge Videla will be sworn in as president this afternoon, culminating an extraordinarily smooth transition to military rule. The eight-man cabinet that will also be sworn in contains two officers from each of the three services and two civilians.

As anticipated, prominent industrialist and economist Jose Martinez de la Hoz will become minister of economy and is expected to announce severe austerity measures soon. Another civilian will take over the education portfolio. The Foreign Ministry will be in the hands of the military under Rear Admiral Cesar Guzzetti, who is relatively young and inexperienced in foreign affairs, suggesting that junta leaders intend to play a prominent role in foreign policy.

A tough army general and former federal police chief, Eduardo Harguindeguy, will head the key Interior Ministry. He will be charged with the overall campaign against left-wing guerrillas and rightist vigilante squads.

The guerrillas have not issued a public statement concerning the military take-over; only a few minor terrorist attacks have occurred since the coup. Guerrilla leaders probably are studying the military's security procedures and will hold off major actions until security precautions are relaxed.

Military authorities continue to issue decrees, most dealing with maintaining public order and getting the country back to work. One decree has banned strikes, work stoppages, and slowdowns.

Public reaction to the coup can best be characterized as one of relief. For the moment, at least, most Argentines appear willing to grant the new government a honeymoon period. A respected Buenos Aires daily has noted an atmosphere of "enormous expectation" for the material and moral rehabilitation of the country.

The Videla government's first test may not be long in coming. The Peronist labor movement, although badly fragmented and leaderless, will be difficult to steer toward further belt-tightening.

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EC

The four major EC countries—France, West Germany, the UK, and Italy—have reached agreement with the US and Japan on the terms for granting export credits, but the so-called gentlemen's agreement could still be held up if Paris insists on contesting the EC Commission's role in export credit matters.

The European Court of Justice issued an advisory opinion last year recognizing the Commission's exclusive jurisdiction over export matters within the Community. The Commission is thus demanding that the EC itself be made a party to the understanding with the US and Japan.

West Germany and the UK have suggested that the EC Council issue a statement recommending a trial period of about one year for the gentlemen's agreement, after which the Commission would be empowered to negotiate a formal international accord on behalf of the Nine.

The French object strongly to acknowledging that the EC has a role in export credit matters. The other EC members, concerned about intra-community competition on export credits, generally support the Commission's position. A decision is unlikely before the EC foreign ministers take up the problem at their next council meeting on April 5-6.

The Commission plans to take the issue to the European Court of Justice if no arrangement can be worked out that would clearly associate the Community with the gentlemen's agreement. A contempt finding by the court would probably deter some of the states from adhering to the understanding.

The gentlemen's agreement is intended to avoid competitive increases in export subsidies by specifying minimum rates of interest (7.25 to 8 percent), requiring minimum percentage down payments, and setting limits on the life span of credits to exporters. Interest rates will vary with the wealth of the recipient country and the length of the loans.

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USSR-JAPAN

Dmitry Polyansky, who was dropped from the Politburo at the Soviet party congress earlier this month and then dismissed as minister of agriculture, reportedly has been named ambassador to Japan. According to a Japanese embassy officer in Moscow, Tokyo will announce its agreement to accept Polyansky in a matter of days.

It is fairly common Soviet practice to assign discredited party officials to diplomatic work. From the Soviet leadership's point of view, it has the advantage of removing troublesome officials from Moscow, while at the same time making use of their abilities in demanding posts.

Polyansky has been on the skids for several years. He has many enemies because of his political ambitions and outspoken positions on policy issues. Last year's disastrous harvest further undermined his position and probably provided some rationale for his ouster from the Kremlin.

Japanese officials are uncertain how to react to the appointment of Polyansky as the next Soviet ambassador. Some are concerned that the Soviet leadership's willingness to dump a discredited leader on them may be an inauspicious sign for Japanese-Soviet relations.

The Japanese may be unduly pessimistic. Polyansky is a highly competent and personable administrator. Although he has lost out in the Kremlin infighting, he still is a member of the party's Central Committee and has good connections in Moscow. Polyansky certainly has considerably more political clout than any of his predecessors in Tokyo. Within the rather narrow policy guidelines set by Moscow, he is likely to bring vigor and authority to the Tokyo post.

Polyansky will replace Oleg Troyanovsky, who has served as Soviet ambassador to Japan for almost a decade. According to the US embassy in Moscow, the Chinese embassy—hardly a reliable source—is circulating rumors that Troyanovsky is slated to replace Ambassador Dobrynin in Washington.

Reports that Dobrynin's reassignment is imminent appear almost annually. There were rumors before the party congress that he was slated for a high post in Moscow. No action was taken at the time of the congress, and Soviet sources now speculate that he will probably stay on at least through the US election in November.

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Troyanovsky served as an interpreter and foreign policy adviser to Premier Khrushchev. After Khrushchev's ouster, Troyanovsky was an interpreter for Kosygin until 1967, when he was assigned to Japan. His US background may explain why he is rumored to be Dobrynin's successor. The son of the first Soviet ambassador to the US, he was educated in American schools.

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USSR-UK

Soviet Foreign Minister Gromyko's visit to London, which ended on March 25, reportedly produced a frank exchange of opinions on a broad spectrum of international issues but no real shift in either side's position. Both countries were determined to avoid provocations.

British Foreign Minister Callaghan emphasized the Western position that improved East-West relations cannot be divorced from Soviet behavior in Africa; he believes the point was not lost on Gromyko. The Soviet foreign minister implied that communist countries do not want a collision with the West over Namibia and Rhodesia, but noted that he could speak only for the Soviet Union.

On the Middle East, Gromyko repeated the familiar Soviet position that Israel must recognize the right of the Palestinians to statehood, while the Palestinians must recognize Israel's right to existence. Since neither is likely to concede its position before the other, Gromyko asserted that "we diplomats" must try to guide both sides toward simultaneous recognition.

Gromyko glossed over Cairo's abrogation of the Soviet-Egyptian treaty, claiming that it did not change the Middle East situation since the treaty "was already dead anyway."

Both sides made an effort to demonstrate that bilateral relations are improving. Gromyko began his visit with an unexpected "present"—a Soviet commitment to complete soon the \$1.8 billion in Soviet purchases from the UK that have been outstanding since the UK's extension of credit guarantees during Prime Minister Wilson's visit to Moscow last year. Agreement was reached on exchanges of ministerial delegations and official naval visits this year, and a trip by General Secretary Brezhnev to the UK was described as "still on the agenda" for this year.

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ETHIOPIA

Ethiopia's ruling military council has moved sharply to the left over the past two months. The council apparently hopes the tilt will appease leftist critics and encourage the Soviet Union to restrain Somalia from attempting to annex the French Territory of the Afars and Issas.

Since mid-February, the council has arrested thousands of moderates and conservatives, including civilians, government officials, and military officers. Late last month, seven civilian cabinet ministers were fired, and over 50 new appointments were made to other government posts. The reshuffle was designed to restructure Ethiopia's traditional economic and social order by appointing young, well-qualified officials to replace civil servants suspected of obstructing the government's program.

For several weeks the official media have been campaigning against "bureaucratic capitalists" for holding back Ethiopia's socialist reconstruction. Articles have advocated arming a peasant militia, urged the masses to eliminate feudal interests, and stated that a class struggle must be undertaken in order to proceed toward a socialist society.

The council may soon announce new and more radical policies, including:

- Taxation and income decrees designed to strike hard at the middle and upper classes.
- Formation of a party committed to socialist principles that will set narrow limits on public discussion and criticism.
- Appeals to the masses to take strong and perhaps violent action against "reactionaries" and merchants accused of hoarding.
- Arming peasant organizations to fight landowners.

Such policies are probably unworkable. Arming the masses would undermine the council's authoritarian tendencies. Eliminating merchants would disrupt the economy and produce shortages of essential goods, forcing the ruling group to tolerate some private enterprise.

The emphasis on a radical socialist program is an attempt by leftists on the council—led by First Vice Chairman Mengistu Hailemariam—to broaden the council's narrow base of popular support by winning over those civilians who have been agitating for more radical policies.

The council's leftists have apparently decided that the alternative—bidding for the support of conservative and moderate dissidents—would carry too high a price in terms of revising the announced goal of rapidly transforming Ethiopian society.

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Mengistu and his supporters have seized the initiative from more moderate council members who at present are disorganized and unable to mount an effective countermove.

The council will probably find it difficult to maintain a permanent alliance with civilian radicals who have made demands that are unacceptable to the military rulers. These include a call for the military to turn the government over to the radicals themselves; freedom, in the meantime, to criticize the government and physical liquidation of the "reactionary" classes.

Despite the council's willingness to tolerate violence against some opponents, it is probably unwilling to be a party to a bloodbath. Such a move would run the risk of arousing serious reaction from moderate dissidents throughout the military.

Mengistu's more moderate military opponents still have a chance to reassert their influence, especially if the council's radical policies fail to make real progress toward solving Ethiopia's problems. Those within the military who advocate a more pragmatic approach probably outnumber Mengistu's supporters. They are, however, dispersed throughout the country, leaderless, and preoccupied with putting down local rebellions and guarding the border against Somalia.

Mengistu has been attempting to improve relations with communist countries, especially the Soviet Union. The media's praise of the Soviet Union has increased markedly; visiting Soviet delegations have received fulsome local coverage. Early this month, a high-level mission dispatched to Peking was heavily publicized.

The council hopes Moscow will use its close ties to Mogadiscio to restrain Somalia's designs on the French Territory of the Afars and Issas, through which Ethiopia's principal rail outlet passes. Addis Ababa views France's decision to grant independence to the territory as giving Somalia a new opportunity to pursue its claims. In return, the ruling group is holding out to Moscow the prospect of closer relations with Ethiopia.

Moscow would like to increase its influence in Ethiopia, but it will be careful not to jeopardize its substantial investment in Somalia. The Soviets, even in conjunction with the East Europeans, are unlikely to match the amount of aid Ethiopia receives from the US, international organizations, and West European countries.

Media attacks on Western capitalists and "racists" for alleged wrongdoing in Africa have a strong anti-American flavor, although the US is usually not named directly. More disturbing are allegations that American missionaries and Peace Corps volunteers are US intelligence agents, and that US drought relief efforts are part of a plot to subvert the country.

The US embassy believes the media accusations have the potential to incite mob action against American citizens. The attacks have already made government officials reluctant to meet with Americans, for fear of being accused of being "pro-capitalist." Despite the media's allegations, the government still follows its official policy of maintaining good relations with the US.

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